TXT E-SOLUTIONS GROUP

INTERIM REPORT

As at 30 September 2022

TXT e-solutions S.p.A.

Registered office, management, and administration:

Via Milano, No. 150 - 20093 Cologno Monzese (MI)

Share capital:

€ 6,503,125 fully paid-in

Tax code and Milan Business Register No.:

09768170152

Corporate Units

BOARD OF DIRECTORS:

In office until approval of the financial statements as at 31 December 2022:

ENRICO MAGNI
Chairman

DANIELE MISANI
Chief Executive Officer

MATTEO MAGNI
Director[2]

STEFANIA SAVIOLO
Independent Director[1-2-3]

PAOLA GENERALI
Independent Director[1-2-3]

ANTONELLA SUTTI
Independent Director[1-4]

CARLO GOTTA
Independent Director[2-3-4]

(1) Member of the Remuneration and Appointments Committee.
(2) Member of the Risks and Internal Controls Committee.
(3) Member of Related Parties Committee.
(4) Appointed by the Shareholders' Meeting on 13 September 2021.

BOARD OF STATUTORY AUDITORS:

In office until approval of the financial statements as at 31 December 2022:

MARIO BASILICO
Chair

LUISA CAMERETTI
Standing auditor

FRANCO VERGANI
Standing auditor

MASSIMILIANO ALBERTO TONARINI
Alternate auditor

FABIO MARIA PALMIERI
Alternate auditor

GIADA D'ONOFRIO
Alternate auditor

Indipendent Auditors:
Crowe Bompani S.p.A.
Investors relations:
E-mail: *infofinance@txtgroup.com*
Tel: +39 02 25771.1

Leadership Team

Enrico Magni

An experienced entrepreneur with a solid track record in guiding the growth processes of companies operating in different sectors, Enrico joined TXT as a key shareholder and now holds the position of Chair, aiming at driving the Group's growth.

Daniele Misani

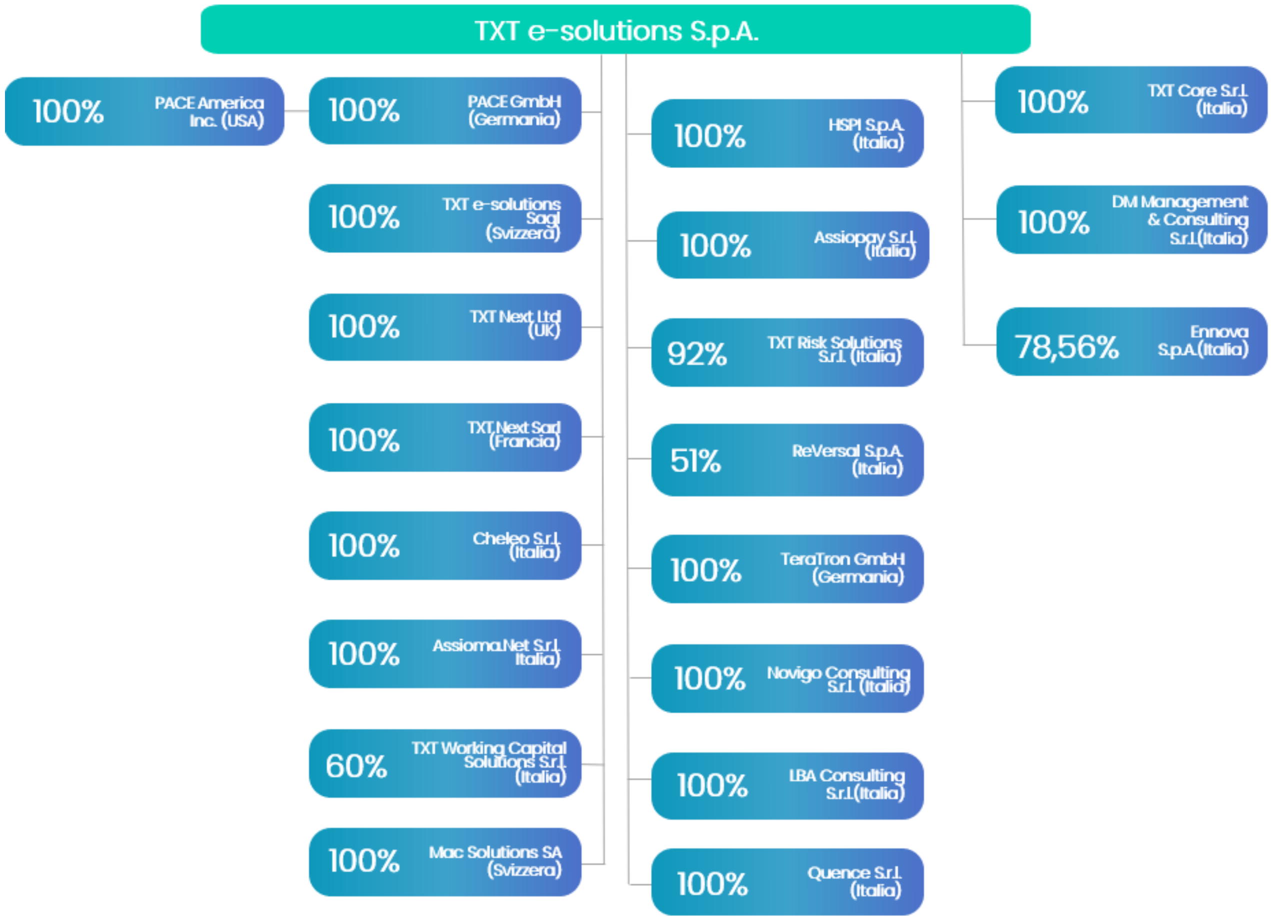
+20 years in TXT, with a strong experience in the international development of the business, from mid-2020 holds the position of Group CEO, with strategic responsibilities in defining and executing the TXT Group's international growth strategies.

Eugenio Forcinito

+20 years of experience in finance and administration and an in-depth understanding of management dynamics, over the last fifteen years Eugenio has always been focused and committed to the sustainable growth of the TXT Group.

Contents

Organisational structure and scope of consolidation



TXT E-SOLUTIONS GROUP

KEY DATA AND DIRECTORS' REPORT ON OPERATIONS

AS AT 30 SEPTEMBER 2022

TXT e-solutions Group – Key data

INCOME DATA (€ thousand)	30.09.2022	%	30.09.2021	%	% CHANGE
REVENUES	92,401	100.0	66,733	100.0	38.5
EBITDA	13,531	14.6	8,756	13.1	54.5
OPERATING PROFIT (EBIT)	9,160	9.9	5,362	8.0	70.8
NET PROFIT ATTRIBUTABLE TO TXT SHAREHOLDERS	5,336	5.8	4,131	6.2	29.2

FINANCIAL DATA (€ thousand)	30.09.2022	31.12.2021	Change
Fixed assets	93,589	83,837	9,752
Net working capital	22,854	24,177	(1,323)
Post-employment benefits and other non-current liabilities	(3,174)	(3,297)	123
Capital employed	113,269	104,717	8,552
Net financial debt	12,962	11,649	1,313
Group shareholders' equity	100,307	92,655	7,652
Shareholders' Equity attributable to minority interests	0	412	(412)

DATA PER SHARE	30.09.2022	30.09.2021	Change
Average number of shares outstanding	11,842,365	11,711,133	131,232
Net earnings per share	0.45	0.35	0.10
Shareholders' equity per share	8.47	7.58	0.89

ADDITIONAL INFORMATION	30.09.2022	30.09.2021	Change
Number of employees	1,321	1,114	207
TXT share price	11.20	8.72	2.48

Notes on Alternative Performance Measures

Pursuant to the ESMA guidelines on alternative performance measures ("APMs") (ESMA/2015/1415), endorsed by CONSOB (see CONSOB Communication No. 0092543 dated 3 December 2015), it should be noted that the reclassified statements included in this Directors' Report on Operations show a number of differences from the official statements shown in the accounting tables set out in the following pages and in the notes with regard to the terminology and the level of detail.

Specifically, the reclassified consolidated Income Statement makes use of the following terms:
• EBITDA, which is equivalent to "Total revenues" net of total operating costs in the official consolidated Income Statement;
• EBIT, which is equivalent to "Total revenues" net of total operating costs, depreciation, amortisation and impairment in the official consolidated Income Statement.

The reclassified consolidated Balance Sheet was prepared based on the items recognised as assets or liabilities in the official consolidated Balance Sheet and makes use of the following terms:
• FIXED ASSETS, given by the sum of tangible and intangible fixed assets, goodwill, deferred tax assets/liabilities and other non-current assets;
•NET WORKING CAPITAL, given by the sum of inventories, trade receivables/payables, current provisions, tax receivables/payables and other assets/liabilities and current receivables/payables;
• CAPITAL EMPLOYED, given by the algebraic sum of fixed assets, net working capital and post-employment benefits and other non-current liabilities.

These APMs, in line with the data presented in the consolidated Income Statement and Balance Sheet in accordance with the recommendations outlined above, were deemed to be significant as they represent parameters that succinctly and clearly depict the Company's financial position and economic performance, also by providing comparative data. The APMs adopted are consistent with those used in the previous year.

Directors' Report on Operations for the first 9 months of 2022

Dear Shareholders,

In the first nine months of 2022, significantly higher revenues were recorded by the Fintech Division (Revenues +49.2%) thanks also to the consolidation of recent acquisitions and the activities of the Aerospace, Aviation & Automotive Division (Revenues +29.9%) also thanks to the consolidation of the acquisition of the last quarter of 2021 and 2022.

On **29 June 2022**, the contract was signed for the acquisition of 78.56% of **Ennova Spa** share capital. The remaining 21.44% of Ennova's share capital is held by the current management of the company led by Sabino Patruno, Chief Executive Officer of Ennova starting from 2020 who, together with the management of TXT and Ennova, will guide the process of integration, consolidation and growth of the newly acquired within the TXT Group.
The acquisition of Ennova represents a key milestone in the accelerated growth project of the TXT Group thanks to some strategic factors such as the wide specialised technological skills (AI, chat-bot, etc.), the numerous resources employed in the software factory or project activities, and the important business volumes generated with large corporates, industry leaders and SMEs operating in the telco & media, utilities, finance and gaming sectors that will expand the perimeter of the TXT market; the acquisition generates high growth ambitions fostered by technological, commercial and territorial synergies and the up-sell and cross-sell strategies of TXT's and Ennova's solutions and competencies to the large consolidated customer portfolio.
On **29 July 2022**, following the fulfilment of all the conditions set out in the contract, the acquisition of 78.56% of the share capital of the company Ennova Spa was finalised.
The consideration for the purchase of 78.56% of Ennova, representing the total shares held by non-operating shareholders, agreed between the parties at € 8.9 million, was paid in cash at closing. The purchase contract of 78.56% does not provide for a price adjustment.
Ennova was founded in 2010 in the Incubator of Innovative Enterprises of the Politecnico di Torino University as a startup for the development of services and solutions for the management of the entire life cycle of the digital transformation of companies; throughout its history, Ennova has recorded a fast and constant growth process that has led it to consolidate fast-growing revenues, from € 18 million in 2015 to € 40 million in 2017, to over € 60 million in 2021. Adjusted EBITDA recorded in 2021 was equal to € 5.3 million, with forecasts for 2022 improving.
On **3 October 2022,** the acquisition of the remaining 21.44% from the minority shareholders and managers of Ennova was completed. The consideration for the purchase of 21.44% of Ennova was agreed between the parties at € 6.4 million, of which € 4.9 million (75%) was paid in cash and € 1.5 million (25%) was paid in TXT's treasury shares sold at a price corresponding to the average price of TXT's shares for the 30 business days prior to the date of closing.
The 21.44% purchase agreement includes two earn-out clauses in favour of the selling shareholders who will continue to hold strategic management roles in Ennova; the earn-outs will be recognised on the basis of Ennova's performance upon approval of Ennova's 2022 and 2023 financial statements, respectively.

Ennova's current offering is concentrated on three main business units: the Technology business unit, which focuses on the development of proprietary platforms for the digitisation of customer processes in different markets, the Advanced Caring business unit, which manages the outsourcing of high-tech customer care for telco and utility customers through the use of innovative AI-based proprietary platforms, and the Tech on Site business unit, which provides nationwide coverage with specialised resources and software platforms for the telco and gaming industry.

On **19 July 2022**, a contract was signed for the acquisition of 100% of the share capital of **DM Management & Consulting Srl**. TXT has consolidated its results from 20 July 2022.
DM was founded in Parma in 2011 by Davide Massari, Stefano Massari and Luca Romani, current directors of the company, and in 2013 it launched the first version of the proprietary MES/MOM DMP platform on the market; over the years DM has supported a constant investment process in R&D that has led to new software releases and continuous business growth fostered by the acquisition of numerous important customers, 70% of which are medium and large manufacturing companies operating in various industrial sectors both domestically and internationally. In the course of 2021 DM reported ARR (Annual Recurrent Revenues) of approximately € 0.5 million (on Adjusted Revenues from sales equal to € 1.2 million) and EBITDA margin of 25% with annual growth rate of revenues (CAGR) expected at 30% in the three-year period 2022-2024, thanks also to group synergies. The consideration for the purchase of 100% of DM ("Enterprise Value") was agreed between the parties at € 1.7 million paid at the closing, of which € 1.4 million (82%) was paid in cash and € 0.3 million (18%) was paid in TXT's treasury shares sold at a price corresponding to the average price of TXT's shares for the 30 business days prior to the date of closing. The Net Financial Position resulting at closing will be settled in cash.
Davide Massari, Stefano Massari and Luca Romani, shareholders and current key managers of DM, will remain with the company and the DM share acquisition agreement provides for retention and earn-out clauses in their favour with expiry upon approval of the DM financial statements, which will close on 31 December 2024; the earn-out set forth in the contract, if due by TXT to the selling shareholders of DM, will be settled by cash and through the guaranteed revaluation of the TXT ordinary shares sold to the selling shareholders as part of the payment of the Enterprise Value.
The acquisition of DM represents a milestone for strengthening and expanding the offer of proprietary digital solutions for the industry.

On **3 October 2022,** the contract for the acquisition of 100% of the share capital of **Soluzioni Products and Services Srl** was executed. TXT shall consolidate its results from 03 October 2022.
Solutions Products Sistemi S.r.l. was established in Rome in 2009 and starting from 2013 began its accelerated expansion process that led to the opening of two new offices in Bari and Milan and to the achievement of a workforce of over 100 resources distributed throughout the country to oversee major customers and support innovative projects for the development of application, IoT and Artificial Intelligence solutions; over the years, SPS has sustained a steady business growth process

with a CAGR on revenues 2018-2021 of 23%, leading to consolidated sales revenues 2021 of € 9.5 million and Adjusted EBITDA margin of 15%.
The consideration for the purchase of 100% of SPS ("Enterprise Value"), net of earn-outs, was agreed between the parties at € 6.4 million paid at the closing, of which € 4.8 million (75%) was paid in cash and € 1.6 million (25%) was paid in TXT e-solutions S.p.A. shares sold at a price corresponding to the average share price of the 30 business days prior to the closing date.
The selling shareholders, who are currently directors and managers of SPS, will remain with the company, and the share acquisition agreement provides for retention and earn-out clauses in their favour expiring on the approval of the financial statements for the year ending 31 December 2024; the earn-outs under the agreement, if payable by TXT to the selling shareholders of SPS, will be settled in cash and through the guaranteed revaluation of the TXT ordinary shares transferred to the selling shareholders as part of the Enterprise Value payment.

The main consolidated operating and financial results in the first nine months of 2022 were as follows:

- Revenues amounted to € 92.4 million, up 38.5% from € 66.7 million in the first nine months of 2021. On a like-for-like basis, therefore excluding the LBA Consulting and Novigo Consulting, companies acquired in November 2021, and Quence, a company acquired in December 2021, revenues grew by 30.3%. Revenues from software in the first nine months of 2022 amounted to € 7.3 million, compared to 6.3 million in the first nine months of 2021, up 15.8%. Revenues from services were € 85.1 million, up 40.8% compared to the first nine months of 2021 (€ 60.4 million). Revenues in the Aerospace, Aviation and Automotive Division amounted to € 48.2 million, up +29.9% compared to the first nine months of 2021, of which € 8.3 million from the consolidation of Teratron and 2.8 million from organic development.
  The Fintech Division reported revenues in the amount of € 44.2 million, up 49.2% compared to the first nine months of 2021, of which € 7.1 million due to the consolidation of the acquisitions made in last quarter of the previous year.

- Net of direct costs, the Gross Margin rose from € 26.6 million to € 35.9 million, marking an increase of 34.8%. Gross margin on revenues was equal to 38.8.% in the first nine months of 2021.

- EBITDA amounted to € 13.5 million, an increase of +54.5% compared to the first nine months of 2021 (€ 8.8 million), after significant investments in commercial expenses and research and development expenses. The margin on revenues was 14.6% compared to 13.1% in the first nine months of 2021.

- Operating profit (EBIT) was € 9.2 million, an increase of +70.8% compared to the first nine months of 2021 (€ 5.4 million). Amortisation and depreciation of tangible and intangible assets amounted to € 4.3 million, up € 1.2 million compared to the first nine months of 2021 due to the consolidation of the 2021 and 2022 acquisitions.

- Financial charges were negative for € 1.6 million compared to the positive € 0.3 million in the first nine months of 2021. This decrease is mainly due to the effect of the negative market performance recorded in the first nine months of 2022 in the face of current socio-political tensions, also due to the Ukraine-Russia military conflict.
  Financial charges as at 30 September 2022, as a non-recurring component, include the fair value adjustment of the liability, amounting to € 0.9 million, related to the earn-out recorded for the subsidiary Assioma.Net. This amount booked at fair value for € 2.6 million, as at 30 September 2022 was restated to € 1.5 according to the agreements subsequently reached by the parties and paid in the first half of October 2022.
  This item includes the share of the profit of the non-consolidated companies Ennova SpA and Reversal SIM SpA for a negative amount of € 0.9 million.
- Net profit was € 5.3 million, up from € 4.1 million in the first nine months of 2021. In the first nine months of 2022, taxes accounted for 29.1%.
- Consolidated net financial debt as at 30 September 2022 was positive at € 13.0 million, up slightly from the positive € 11.6 million as at 31 December 2021.
- Consolidated shareholders' equity as at 30 September 2022 was € 100.3 million, compared to € 92.7 million as at December 2021. Changes in the nine months mainly concern the recognition of net profit (€ 5.3 million), the net effect of the purchase and sale of treasury shares (€ 0.5 million).

TXT's consolidated results for the first nine months of 2022, compared with those of the same period of the previous year, are presented below:

(€ thousand)	9 months 2022	%	9 months 2021	%	% Change
REVENUES	**92,400**	**100**	**66,733**	**100**	**38.5**
Direct costs	56,538	61.2	40,122	60.1	40.9
GROSS MARGIN	**35,862**	**38.8**	**26,611**	**39.9**	**34.8**
Research and development costs	5,778	6.3	5,091	7.6	13.5
Commercial costs	8,813	9.5	6,481	9.7	36.0
General and administrative costs	7,740	8.4	6,283	9.4	23.2
GROSS OPERATING PROFIT (EBITDA)	**13,531**	**14.6**	**8,756**	**13.1**	**54.5**
Depreciation, amortisation and impairment	4,293	4.6	3,047	4.6	40.9
Reorganisation and non-recurring charges	75	0.1	347	0.5	(78.4)
OPERATING PROFIT (EBIT)	**9,163**	**9.9**	**5,362**	**8.0**	**70.9**
Extraordinary/Financial income (charges)	(1,631)	(1.8)	345	0.5	(572.8)
EARNINGS BEFORE TAXES (EBT)	**7,532**	**8.2**	**5,707**	**8.6**	**32.0**
Taxes	(2,196)	(2.4)	(1,576)	(2.4)	39.3
NET PROFIT	**5,336**	**5.8**	**4,131**	**6.2**	**29.2**
Attributable to:					
Parent Company shareholders	5,336		4,150		
Minority interests			(19)		

GROUP REVENUES AND GROSS MARGINS

Revenues and direct costs in the first nine months of 2022, compared with those of the previous year, are presented below for each Division.

(€ thousand)	9 months 2022	%	9 months 2021	%	% Change
TXT AEROSPACE, AVIATION & AUTOMOTIVE					
REVENUES	48,219	100	37,122	100	29.9
Software	5,816	12.1	5,309	14.3	9.5
Services	42,403	87.9	31,813	85.7	33.3
DIRECT COSTS	26,540	55.0	21,386	57.6	24.1
GROSS MARGIN	21,679	45.0	15,736	42.4	37.8
TXT FINTECH					
REVENUES	44,181	100	29,611	100	49.2
Software	1,499	3.4	1,010	3.4	48.4
Services	42,682	96.6	28,601	96.6	49.2
DIRECT COSTS	29,998	67.9	18,736	63.3	60.1
GROSS MARGIN	14,183	32.1	10,875	36.7	30.4
TOTAL TXT					
REVENUES	92,400	100	66,733	100	38.5
Software	7,315	7.9	6,319	9.5	15.8
Services	85,085	92.1	60,414	90.5	40.8
DIRECT COSTS	56,538	61.2	40,122	60.1	40.9
GROSS MARGIN	35,862	38.8	26,611	39.9	34.8

TXT Aerospace, Aviation & Automotive Division

Revenues in the Aerospace, Aviation and Automotive Division amounted to € 48.2 million, up 29.9% compared to the first nine months of 2021, of which € 8.3 million from the consolidation of Teratron and 2.7 million from organic development.

Software revenues in the first nine months of 2022 were € 5.8 million, up 9.5% compared to the first nine months of 2021. International revenues represent 35.3% of the Division's revenues, amounting to € 17.1 million as at 30/09/2022, up from € 12.8 million last year.

Gross margin 2022, up 37.8%, was € 21.7 million compared to € 15.7 million in the first nine months of 2021. As a percentage of revenues, the gross margin amounted to 45.0%, compared to 42.4% in the first nine months of 2021 due to the higher percentage of revenues generated by services.

TXT has decades-long experience in the aerospace sector, particularly in on-board software, flight simulators, training systems, flight support systems and advanced manufacturing solutions. The Division also serves a growing number of aerospace companies and airline operators throughout the world, providing them with software and innovative services to design, configure, produce, acquire and operate their airlines and fleets in an economically optimal manner. The main application areas are the preliminary design of airplanes and technical systems, the configuration of airplanes and cabins, economic management of fleets, and the analysis of flying routes and innovative instruments – such as "Electronic Flight Bags" – to improve operating efficiency during flight.

Current customers comprise over 50 major companies, including leading manufacturers of aircraft and engines, airlines, civil and defence operators, and MRO - Maintenance, Repair & Overhaul companies, such as Leonardo (IT), Airbus (DE and FR), Boeing (USA), Pilatus (CH), Saab (SW), Reiser (DE), Safran Group (FR), GE Aviation (USA), COMAC (China), Embraer (Brazil), Rolls-Royce (UK), Lufthansa (DE), American Airlines (USA) and Delta Airlines (USA).

With the consolidation of TeraTron GmbH, TXT strengthens its presence in Germany with more than 150 specialised resources, integrating the Aerospace offer of PACE GmbH with the offer of TeraTron GmbH within the German manufacturing & automotive sector. It significantly increases the know-how on key technological expertise related to the IoT area, expanding the offer with the proposal of proprietary software and hardware solutions. In the last three years that ended, TeraTron reported revenues of € 9.2 million in 2019, with EBITDA of € 1.8 million; revenues of € 7.6 million in 2020, with EBITDA of € 1.4 million; and revenues of € 9.8 million in 2021, with EBITDA of € 2.5 million.

TXT stands out for its ability to design highly reliable advanced solutions with technology as a key business factor and it specialises in mission critical software and systems, embedded software as well as software for training purposes based on simulations and virtual & augmented reality.

TXT FINTECH Division

The Fintech Division recorded revenues of € 44.2 million, up +49.2% compared to the first nine months of 2021, of which € 7.1 million due to the consolidation of the companies acquired during the last quarter of 2021. International revenues represent 20.2% of the Division's revenues, amounted to € 8.9 million as at 30 September 2022, up from € 4.5 million as at 30 September 2021.

The Gross margin was € 14.2 million, an increase of 30.4% compared to the first nine months of 2021 (€ 10.9 million). The gross margin as percentage of revenues decreased from the previous year to 36.7% in 2021 and 32.1 per cent in 2022.

TXT historically operates in the financial and banking sector with an increasing portfolio of proprietary products and innovative solutions. Moreover, TXT specialises in Independent Verification & Validation of supporting IT systems. At the base of the offer is the great experience of market processes accrued over more than twenty years of activity alongside leading banking companies, combined with in-depth knowledge of methods and tools for managing specialist vertical processes such as NPL, digital payments, factoring and compliance.

The **FARADAY™** product designed for compliance with solutions for the assessment of the risk of financing of terrorism, corruption and money laundering, which aim to meet the needs of all those who are subject to European and national legislation on the subject, allows to manage different types of data and to support the calculation of the risk in the various areas.

Polaris is the B2B digital platform (Marketplace) designed to dynamically and centrally manage the Supply Chain Finance programmes, aimed at responding in a flexible and integrated manner to the needs of the buyers, suppliers and Financial Partners; ideal tool for large companies and multinationals that manage large and diversified supplies. Polaris gives the possibility to financial partners, banks specialised in trade finance and Factors, investment funds and family offices, of expanding their reference market with centralised management of the onboarding processes and contractual formalisation. A simple tool to proactively manage commercial debt within their supply chains, supporting the liquidity of suppliers in collaboration with a wide range of possible financial partners. Polaris digitalises the main operating processes in the area of reverse factoring, confirming and dynamic discounting, making it possible to include both smaller suppliers and financial partners other than large commercial banks in the support programs of large companies.

AssioPay, focused on the development of software for the world of payments and payment-related systems (meal vouchers and rechargeable), has developed a proprietary platform (gateway) that allows access to various service providers, and has also developed an Android SmartPOS application, able to integrate various issuers and enable payment on international credit circuits in addition to their management software (AssioPay Terminal Management System). AssioPay designs and develops software and Apps for payment, loyalty, ticketing, meal vouchers and many other solutions at Banks, Financial Institutions, System Integrators, service providers, large-scale distribution chains, etc. through customised solutions.

The **EIDOS Retail** platform is the solution designed to meet the management and tax needs of sales activities. Complete, flexible, intuitive, easy to use even by non-expert operators, it allows you to manage your sales in physical stores, in B2B, B2C and mobility. It is a solution that makes the multichannel relationship with Customers its strong point (loyalties, gift cards, customised price lists, promotions, which can be consulted both at the point of sale and on line and mobile) but also covers all the business operations associated with the sales activity (procurement, warehouses, inventories, shelf life, returns to Supplier).

The **EIDOS Reservation** platform handles all types of bookings, with dynamic and automatic inclusions, groups and allotments for tour operators. The system manages all the necessary transactional aspects: reservations, changes, payments, sales invoices and the calculation of commissions due to the Agency. The data can be exchanged with external systems for accounting management.

GROUP REVENUES

Research and development costs in the first nine months of 2022 were € 5.8 million, up from € 5.1 million in the first nine months of 2021. TXT continues to invest in its Fintech division with new initiatives and with the development of "Faraday", "Polaris" proprietary products and the AssioPay platform and in the Aerospace division with the development of "Pacelab Preliminary design", "Pacelab

Flight Profile Optimizer", "Pacelab Aircraft Configuration Environment" and "Pacelab Weavr" proprietary products. The percentage of revenues was 6.3%.

Sales costs amounted to € 8.8 million, an increase of 36.0% compared to the first nine months of 2021 (€ 6.5 million). As a percentage of revenues, commercial costs decreased from 9.7% in the first nine months of 2021 to 9.5% in the first nine months of 2022.

General and administrative costs amounted to € 7.7 million, an increase of 23.2% compared to the first nine months of 2021 (€ 6.3 million), mainly due to the consolidation of the previous year's acquisitions and non-recurring expenses related to the still ongoing process of acquisitions. As a percentage of revenues, these costs amounted to 8.4% in the first nine months of 2022 compared to 9.4% in 2021.

Financial charges were € 1.6 million compared to the positive (income) € 0.3 in the first nine months of 2021.

Net profit was € 5.3 million, up from € 4.1 million in the first nine months of 2021. In the first nine months of 2022, taxes accounted for 29.1%.

CONSOLIDATED CAPITAL EMPLOYED

As at 30 September 2022, Capital Employed was € 113.3 million, up € 8.6 million compared to 31 December 2021 (€ 104.7 million).

The table below shows the details:

(€ thousand)	30.09.2022	31.12.2021	Change
Intangible assets	56,507	55,182	1,325
Net tangible assets	12,632	12,126	506
Other fixed assets	24,450	16,529	7,921
Fixed assets	93,589	83,837	9,752
Inventories	16,167	7,810	8,357
Trade receivables	31,835	43,156	(11,321)
Sundry receivables and other short-term assets	9,032	8,864	168
Trade payables	(6,108)	(6,303)	195
Tax payables	(4,718)	(5,700)	982
Sundry payables and other short-term liabilities	(23,354)	(23,650)	296
Net working capital	22,854	24,177	(1,323)
Post-employment benefits and other non-current liabilities	(3,174)	(3,297)	123
Capital employed	113,269	104,717	8,552
Group shareholders' equity	100,307	92,655	7,652
Shareholders' Equity attributable to minority interests	0	412	(412)
Net financial debt	12,962	11,649	1,313
Financing of capital employed	113,269	104,716	8,553

Intangible assets rose from € 55.2 million to € 56.5 million mainly due to the goodwill from the acquisition of DM Management & Consulting S.r.l. (€ 2.1 million), the capitalisation of the development costs of the i-Mole financed project (€ 0.3 million), net of the amortisation for the period on the intellectual property of the software and customer portfolio for the acquisitions of Pace, Cheleo e TXT Risk Solutions, Assioma.Net Srl, HSPI Spa e TeraTron GmbH (€ 1.6 million).

Tangible assets of € 12.6 million, increased by € 0.5 million compared to 31 December 2021. The increases for the period (€ 5.6 million) were offset by depreciation for the period (€ 1.8 million).

Other fixed assets of € 24.5 million recorded an increase compared to € 16.5 million in December 2021 mainly due to the recognition of the equity investments of Reversal SIM S.p.A. and Ennova SpA. This item is mainly composed of the financial investment made in the previous year in the share capital of Banca del Fucino for € 14.3 million.

Net working capital amounted to € 22.9 million compared to € 24.2 million as at 31 December 2021. The change was € 1.3 million. There was an increase in inventories for work in progress for activities not yet invoiced to customers (€ 8.4 million), partly offset by effective credit recovery actions from important Italian customers in the aeronautics sector.

Liabilities arising from post-employment benefits and other non-current liabilities of Italian employees and other non-current liabilities of € 3.2 million are substantially in line with the values of December 2021.

Consolidated shareholders' equity as at 30 September 2022 was € 100.3 million, compared to € 92.7 million as at December 2021. Changes in the nine months mainly concern the recognition of net profit (€ 5.3 million), the net effect of the purchase and sale of treasury shares (€ 0.5 million). Minority interests as at 30 September 2022 is zero because, as of the second quarter of 2022, management decided to no longer consolidate the company Reversal SIM S.p.A. following the loss of control; although it retains ownership of 51% of the shares, according to the shareholders' agreement in place, the company no longer has sole control of the invested company.

The European Securities and Markets Authority (ESMA) published on 4 March 2021 the Guidelines on disclosure requirements pursuant to EU Regulation 2017/1129 ("Prospectus Regulation").

With the "Recall of attention No. 5/21" of 29 April 2021, CONSOB declared its intention to bring its supervisory practices in relation to the net financial position into line with the aforementioned ESMA guidelines. In particular, CONSOB has declared that the prospectuses approved by it, starting from 5 May 2021, must comply with the aforementioned ESMA Guidelines.

Therefore, based on the new forecasts, listed issuers will have to submit, in the explanatory notes to the annual and half-yearly financial statements, published starting from 5 May 2021, a new prospectus on the subject of debt to be drawn up according to the indications contained in paragraphs 175 and following of the aforementioned ESMA Guidelines.

In this regard, the ESMA Guidelines provide for the following main changes to the debt prospectus:

- we no longer speak of "Net financial position", but of "Total financial debt";

- in the context of non-current financial debt, trade payables and other non-current payables must also be included, i.e. payables that are not remunerated, but which have a significant implicit or explicit financing component (for example, payables to suppliers due after 12 months);
- in the context of current financial debt, the current portion of non-current financial debt must be indicated separately.
- "financial debt" includes remunerated debt (i.e., interest-bearing debt), which includes, among other things, financial liabilities relating to short- and/or long-term lease contracts. Information on lease payables must be provided separately.

Net financial debt (availability) and cost of debt

Below is a summary of the main phenomena that had an impact on net financial debt, which as at 30 September 2022 was € 13.0 million, € 11.6 million as at 31 December 2021.

(€ thousand)	30.09.2022	31.12.2021	Change
Cash and cash equivalents	(40,378)	(36,076)	(4,302)
Financial instruments at fair value	(46,293)	(48,869)	2,576
Liquid assets	(86,671)	(84,945)	(1,726)
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	18,177	31,355	(13,178)
Current portion of non-current financial debt	24,802	15,770	9,032
Current financial debt	42,979	47,125	(4,146)
Current net financial debt	(43,692)	(37,820)	(5,872)
Non-current financial debt (excluding current portion and debt instruments)	57,794	49,469	8,325
Debt instruments	-	-	-
Non-recurring financial receivables	(1,141)	-	(1,141)
Trade payables and other non-current payables	-	-	-
Non-current financial debt	56,653	49,469	7,184
Total financial debt	12,961	11,649	1,312
Non-monetary debts for adjustment of the price of the 2021 acquisitions to be paid in TXT shares	-	(5,253)	5,253
Adj. Net Available Financial Resources	12,961	6,396	6,565

Below is the breakdown of the debt referred to the application of IFRS 16:

(€ thousand)	30.09.2022	31.12.2021	Change
Debt referred to IFRS 16	(5,537)	(5,748)	211

The composition of Net Financial Debt as at 30 September 2022 is as follows:

- *Cash and cash equivalents* of € 40.4 million are mainly in euro, held with major Italian banks.

- *Financial instruments at fair value* of € 46.3 million consisted of investments in multi-segment insurance funds with partially guaranteed capital (€ 39.4 million), a bond loan (€ 0.5 million), and government securities and bond with an overall medium-low risk profile (€ 6.4 million); the valuation of financial instruments was affected by the negative effects of the international markets in the third quarter of 2022, mainly due to the Ukraine-Russia military conflict.

- Current financial debt (including debt instruments, excluding the current portion of non-current financial debt) as at 30 September 2022 is € 18.2 million and refers (a) for € 14.9 million to short-term loans (hot money), (b) for € 1.5 million estimated disbursement for the first Earn Out of the Assioma shareholders, restated in the third quarter and paid in the first half of October (c) for € 1.8 million to the short-term portion of the debt for the payment of rental and lease payments for offices, cars and printers for all instalments until the end of the relevant contracts following the adoption of the accounting standard (IFRS 16).

- The current portion of non-current financial debt of € 24.8 million refers to the short-term portion of medium/long-term bank loans.

- Non-current financial debt (excluding current portion and debt instruments) as at 30 September 2022 of € 57.9 million related to (a) € 50.2 million the portion of new medium- to long-term loans for the portion with a maturity of more than 12 months; (b) for € 2.9 million to the valuation of the debt for the PUT/CALL option for the acquisition of TXT Working Capital Solutions S.r.l., as an estimate of the additional disbursements for exercising the Put/Call option in the 2021-2025 period for the purchase of the remaining 40% of the company's shares; (c) for € 0.1 million to the payable related to the Restricted Share Price Adjustment for the acquisition of HSPI S.p.A.; (d) for € 0.2 million to the long-term portion of the Put/Call related to TXT Risk Solutions S.r.l. after renegotiation; (e) for € 3.8 million to the medium/long-term portion of the debt for the payment of rent and lease of offices, cars and printers for all instalments until the end of the relevant contracts following the adoption of the accounting standard IFRS 16; (f) for € 0.5 million estimated disbursement for the first Earn Out of Novigo shareholders; (g) € 0.3 million estimated disbursement for the Earn-Out of DM Management & Consulting shareholders.

Medium/long-term loans were taken out by the parent company TXT e-solutions S.p.A. in 2018, 2021 and 2022, by the subsidiary Assioma.Net between 2018 and 2019, by the subsidiary HSPI S.p.A. in 2019, by the subsidiary TeraTron Gmbh in 2019, by the subsidiary Novigo Consulting in 2019 and by the subsidiary DM Management & Consulting in 2019, 2020 and 2021, all in Euro without guarantees for a residual amount as at 30 September 2022 of € 75.0 million are made up of:

- a € 6.0 million 5-year loan of the Parent Company with Unicredit, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 3.0 million 5-year loan of the Parent Company with BNL, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 1.4 million 4-year loan of the Parent Company with BPER, with a quarterly amortisation plan and fixed interest rates;
- a € 8.9 million 5-year loan of the Parent Company with Unicredit, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 3.6 million 3-year loan of the Parent Company with BNL, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 9.4 million 5-year loan of the Parent Company with Unicredit, with a quarterly amortisation plan, a floating interest rate and an Interest Rate Swap to hedge interest rate risk;
- a € 9.3 million 4-year loan of the Parent Company with Banco BPM, with a quarterly amortisation plan and fixed interest rates;
- a € 4.5 million 3-year loan of the Parent Company with Banco BPM, with a monthly amortisation plan and fixed interest rates;
- a € 9.4 million loan of the Parent Company with BPER Banca Spa at a fixed rate, with quarterly amortisation plan;
- a € 2.0 million loan of the Parent Company with Credito Emiliano Spa at a floating rate, with a monthly amortisation plan;
- a € 14.2 million loan of the Parent Company with Credit Agricole Italia S.p.A. at a floating rate, with quarterly amortisation plan;
- a € 1.2 million 4-year loan of the subsidiary Assioma.Net S.r.l. with BNL, with a quarterly amortisation plan and fixed interest rates;
- a € 1.4 million loan with Sparkasse taken out by the German subsidiary TeraTron GmbH;
- a € 0.4 million loan granted to the subsidiary Novigo Consulting Srl, interest at a fixed rate;
- a € 0.3 million loans granted to the subsidiary DM Management & Consulting Srl.

In line with market practice, the loan agreements require compliance with:

1. financial covenants based on which the company undertakes to comply with certain levels of financial indexes, contractually defined, the most significant of which relate the gross or net financial debt with the gross operating margin (EBITDA) or the Shareholders' equity, measured on the basis of the consolidated scope of the Group according to the definitions agreed upon with the financing counterparties;

2. negative pledge commitments under which the company cannot create real rights of guarantee or other restrictions on company assets;
3. "*pari passu*" clauses, on the basis of which the loans will have the same degree of priority in the repayment with respect to other financial liabilities and change of control clauses, which are activated in the event of disinvestments by the majority shareholder;
4. limitations to the extraordinary transactions that the company can carry out, if exceeding certain thresholds;
5. certain obligations for the issuer that limit, *inter alia*, the ability to pay particular dividends or distribute capital; to merge with or consolidate certain businesses; to dispose of or transfer its assets.

The measurement of financial covenants and other contractual obligations is constantly monitored by the Group. In particular, the financial covenants are measured on an annual basis as provided for contractually.

The non-compliance with the covenants and the other contractual commitments, if not adequately corrected within the agreed upon time frame, may involve the obligation of an early repayment of the residual amount.

Q3 2022 ANALYSIS

The analysis of the operating results for the third quarter of 2022, compared with those of the third quarter of the previous year, is presented below:

(€ thousand)	Q3 2022	%	Q3 2021	%	% Change
REVENUES	**29,862**	**100**	**23,034**	**100**	**29.6**
Direct costs	18,056	60.5	13,037	56.6	38.5
GROSS MARGIN	**11,806**	**39.5**	**9,997**	**43.4**	**18.1**
Research and development costs	1,824	6.1	1,778	7.7	2.6
Commercial costs	3,094	10.4	3,109	13.5	(0.5)
General and administrative costs	2,548	8.5	2,016	8.8	26.4
GROSS OPERATING PROFIT (EBITDA)	**4,340**	**14.5**	**3,094**	**13.4**	**40.3**
Depreciation, amortisation and impairment	1,747	5.9	1,079	4.7	61.9
Reorganisation and non-recurring charges	0	0.0	71	0.3	(100.0)
OPERATING PROFIT (EBIT)	**2,593**	**8.7**	**1,944**	**8.4**	**33.4**
Financial income (charges)	(260)	(0.9)	74	0.3	n.a.
EARNINGS BEFORE TAXES (EBT)	**2,333**	**7.8**	**2,018**	**8.8**	**15.6**
Taxes	(520)	(1.7)	43	0.2	(1309.3)
NET PROFIT	**1,813**	**6.1**	**2,061**	**8.9**	**(12.0)**
Attributable to:					
Parent Company shareholders	1,813		2,064		
Minority interests			(3)		

Performance compared to the third quarter of the previous year was as follows:

- Net revenues amounted to € 29.9 million, up by 29.6% compared to Q3 2021 (€ 23.0 million). Revenues from software, subscriptions and maintenance were € 2.6 million, up slightly from the third quarter of 2021 (€ 2.1 million). Revenues from services amounted to € 27.2 million, up 30.2% from € 20.9 million in Q3 2021.
- Gross margin in Q3 2022 was € 11.8 million, up 18.1% compared to Q3 2021 (€ 10.0 million). The percentage of revenues was 39.5% compared to 43.4% in Q3 2021 due to the higher percentage of revenues generated by services.
- EBITDA in Q3 2022 was € 4.3 million, up 40.3% compared to Q3 2021 (€ 3.1 million). The margin on revenue was 14.5% compared to 13.4% in Q3 2021. The growth in EBITDA is due for € 0.6 million to the contribution of acquisitions in the last quarter of 2021.
- Operating profit (EBIT) was € 2.6 million, an increase of 33.4% compared to Q3 2021 (€ 1.9 million)
- Pre-tax profit was € 2.3 million, compared to € 2.0 million in the third quarter of 2021.
- Net profit was € 1.8 million, compared to € 2.1 million in Q3 2021.

EMPLOYEES

As at 30 September 2022, employees were 1,321, a net increase of 111 compared to the workforce as at 31 December 2021 (1,210 employees).

PERFORMANCE OF TXT STOCK, TREASURY SHARES AND EVOLUTION OF SHAREHOLDERS AND DIRECTORS

In the first nine months of 2022, TXT e-solutions' share price reached a high of € 12.92 on 08 August 2022 and a low of € 8.26 on 24 February 2022. As at 30 September 2022, the share price was € 11.2.

The average daily trading volume on the stock exchange in the first nine months of 2022 was 25,782 shares, down from the daily average of 29,710 in 2021.

Treasury shares as at 30 September 2022 were 1,163,885 (1,243,372 as at 31 December 2021), representing 8.95% of the shares outstanding, at an average carrying value of € 3.33 per share. During the first nine months of 2022, 487,460 shares were purchased at an average price of € 10.04.

On 30 March 2022, 90,329 treasury shares were transferred at a price of € 9.84 per share, in order to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 28 December 2021 for the acquisition of 100% of Quence S.r.l.

On 30 March 2022, 4,000 shares were transferred at the agreed price of € 9.15 per share to fulfil the commitments undertaken by TXT towards the shareholders of HSPI SpA for the repurchase of 13,200 shares without voting rights.

On 29 April 2022, 114,753 shares were transferred at the agreed price of € 9.15 per share to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 29 November 2021 for the acquisition of 100% of Novigo Consulting S.r.l.

On 30 May 2022, 117,925 shares were transferred at the agreed price of € 9.54 per share to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 29 November 2021 for the acquisition of 100% of Novigo Consulting S.r.l.

On 18 July 2022, the Chief Executive Officer exercised the option right for 18,000 shares at a value of 8.73.

On 22 July 2022, 28,460 shares were transferred at the agreed price of € 10.54 per share to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 19 July 2022 for the purchase of 100% of the DM Management & Consulting S.r.l.

On 02 August 2022, 193,480 shares were transferred at the agreed price of € 9.78 per share to fulfil the payment commitments undertaken by TXT under the purchase agreement signed on 29 November 2021 for the purchase of 100% of the LBA Consulting S.r.l.

In order to provide regular updates on the Company, an email-based communication channel is operational (txtinvestor@txtgroup.com). Everyone can sign up for this service in order to receive, in addition to press releases, specific communications to Investors and Shareholders.

DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

No transactions outside the normal course of business were carried out with related parties.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK

In the last quarter of 2022, the TXT Group is successfully pursuing its accelerated growth plan thanks to a mix of organic growth and the contribution of new acquisitions and the ever-increasing technological and commercial synergies among the Group companies. In all divisions, the integration of the newly acquired companies in the Group processes continues successfully, with benefits on operations and on the absorption of general and structural costs that will be more and more incisive.

In the Aerospace, Aviation & Automotive division, which includes the offer in the industry segment, for Q4 2022 the TXT Group expects a positive trend in line with that recorded in the first nine months of the year, with a positive contribution from all segments and year-on-year growth expected to be strong in the Civil Aviation, Automotive and Industry 4.0 segments, driven respectively by the subsidiaries PACE GmbH, Teratron GmbH and DM Consulting Srl, all of which share a business model based on the offering of proprietary Smart Solutions. The defence segment continues its constant growth thanks to its leadership position in the design and development of avionics software and training and simulation systems for the main European players. The consolidation of Ennova SpA and Soluzioni Prodotti Sistemi S.r.l. as of October 2022 will give a key boost to the accelerated growth of TXT's business and positioning, which will play an increasingly central role in the digital transformation process in a rising number of sectors, both in Italy and internationally.

For the Fintech division, which includes the digital offering dedicated to public admissions, TXT's management expects strong revenue growth in the fourth quarter of the year with positive effects on the division's margins due to increasing volumes on multi-year CON-SIP public tenders awarded by the subsidiary HSPI and thanks to new prestigious client projects and the revenues from proprietary software sales contracts provided to leading banks, payment institutions and insurance companies. In the light of the division's streamlining plan and the integration of the acquired companies during Q4 2021, positive results are being reported with synergies that are furthering the enhancement, expansion and positioning of the group's technology offering in the context of both digital and IT consulting and proprietary Fintech product offerings.

In relation to the M&A plan, in line with previous announcements, for the fourth quarter of this year and for 2023 the TXT Group plans to continue with its acquisition plan aimed at integrating new technologies, specialised skills and excellence in markets that are already proprietary or adjacent to the current ones, pursuing ambitious growth targets. The financing of the acquisition transactions will be done through the cash already available in TXT's coffers and the treasury shares in portfolio (1,163,885 shares as at 31 September 2022).

In the current global geopolitical context triggered by the military conflict in Ukraine, the management and independent directors of TXT have currently not identified risks in the short term due to the minimal and non-strategic exposure of the TXT business in the Russian and Ukrainian regions. TXT's management constantly monitors the evolution of the conflict and the related macroeconomic instability.

Manager responsible for preparing corporate accounting documents	Chairman of the Board of Directors
Eugenio Forcinito	Enrico Magni

Cologno Monzese, 8 November 2022

TXT E-SOLUTIONS GROUP

CONSOLIDATED

FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER

Consolidated Balance Sheet

ASSETS	30.09.2022	Of which with related parties	31.12.2021	Of which with related parties
NON-CURRENT ASSETS				
Goodwill	47,429,752		47,147,938	
Intangible assets with a finite useful life	9,077,885		8,033,715	
Intangible assets	56,507,637		55,181,653	
Property, plant and equipment	12,632,254		12,125,958	
Tangible assets	12,632,254		12,125,958	
Investments in associates	8,261,952		-	
Other non-recurring financial receivables	15,712,477		14,600,368	
Deferred tax assets	1,616,364		1,928,665	
Other non-current assets	25,590,793		16,529,033	
TOTAL NON-CURRENT ASSETS	94,730,684		83,836,644	
CURRENT ASSETS				
Contractual assets	16,166,576		7,809,891	
Trade receivables	31,835,200		43,156,099	
Sundry receivables and other current assets	9,032,364		8,864,378	
HFT securities at fair value	46,292,783		48,868,752	
Cash and cash equivalents	40,378,168		36,076,104	
TOTAL CURRENT ASSETS	143,705,091		144,775,224	-
TOTAL ASSETS	238,435,775		228,611,869	-

LIABILITIES AND SHAREHOLDERS' EQUITY	30.09.2022	Of which with related parties	31.12.2021	Of which with related parties
SHAREHOLDERS' EQUITY				
Share capital	6,503,125		6,503,125	
Reserves	17,608,292		15,266,375	
Retained earnings (accumulated losses)	70,859,922		63,011,589	
Profit (loss) for the period	5,335,548		7,873,676	
TOTAL SHAREHOLDERS' EQUITY (Group)	100,306,887		92,654,765	
Shareholders' Equity attributable to minority interests	0		411,778	
TOTAL SHAREHOLDERS' EQUITY	100,306,887		93,066,542	
NON-CURRENT LIABILITIES				
Non-current financial liabilities	57,794,391	1,470,563	49,468,725	1,748,057
Provision for post-employment benefits and other employee provisions	3,174,210		3,296,650	
Deferred tax provision	2,512,325		1,961,327	
Provisions for future risks and charges	118,905		118,905	
TOTAL NON-CURRENT LIABILITIES	63,599,830	1,470,563	54,845,607	1,748,057
CURRENT LIABILITIES				
Current financial liabilities	42,978,583	369,702	47,125,214	367,965
Trade payables	6,107,780		6,302,987	
Tax payables	2,205,865		3,739,356	
Sundry payables and other current liabilities	23,236,829	206,232	23,532,162	228,546
TOTAL CURRENT LIABILITIES	74,529,057	575,934	80,699,720	596,511
TOTAL LIABILITIES	138,128,887	2,046,497	135,545,326	2,344,567
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	238,435,775	2,046,497	228,611,869	2,344,567

Consolidated Income Statement

(€)	30.09.2022	Of which with related parties	30.09.2021	Of which with related parties
Revenues and other income	92,400,892	-	66,733,397	-
TOTAL REVENUES AND OTHER INCOME	92,400,892		66,733,397	
Purchases of materials and external services	(27,026,116)	(520,742)	(15,101,392)	(435,468)
Personnel costs	(51,106,484)	-	(42,848,431)	-
Other operating costs	(815,403)	-	(374,621)	-
Depreciation and amortisation/Impairment	(4,292,845)	-	(3,046,945)	-
OPERATING RESULT	9,160,043	(520,742)	5,362,008	(435,468)
Financial income (charges)	(736,404)	-	345,181	-
Share of profit (loss) of associates	(893,791)	-	-	-
EARNINGS BEFORE TAXES (EBT)	7,529,848		5,707,189	
Income taxes	(2,194,300)	-	(1,575,792)	-
NET PROFIT (LOSS) FOR THE PERIOD	5,335,548		4,131,397	
Attributable to:				
Parent Company shareholders	5,335,548		4,150,760	
Minority interests	-		(19,363)	
EARNINGS PER SHARE	0.45		0.36	

Consolidated Statement of Comprehensive Income

	30.09.2022	30.09.2021
NET PROFIT (LOSS) FOR THE PERIOD	5,335,548	4,131,397
Attributable to:		
Minority interests	-	(19,363)
Parent Company shareholders	5,335,548	4,150,760
Profit/(Loss) from foreign currency translation differences	441,874	6,606
Gain/(Loss) on the effective part of hedging instruments (cash flow hedge)	1,038,388	(9,334)
Total items of other comprehensive income that will be subsequently reclassified to profit/(loss) for the year net of taxes	1,480,262	(2,728)
Defined-benefit plans actuarial gains (losses)	310,514	82,656
Total items of other comprehensive income that will not be subsequently reclassified to profit/(loss) for the period net of taxes	310,514	82,656
Total profit/(loss) of other comprehensive income net of taxes	1,790,776	79,928
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,126,324	4,211,325
Attributable to:		
Minority interests	-	(19,363)
Parent Company shareholders	7,126,324	4,230,688

Segment disclosures

For operating purposes, the Group is organised into two Business Units based on the end-use of the products and services provided.

The main financial and operating data broken down by business segment were as follows:

(€ thousand)	Aerospace	Fintech	TOTAL TXT
REVENUES	48,219	44,181	92,400
Software	5,816	1,499	7,315
Services	42,403	42,682	85,085
OPERATING COSTS:			
Direct costs	26,540	29,998	56,538
Research and development costs	4,356	1,422	5,778
Commercial costs	4,234	4,579	8,813
General and administrative costs	4,293	3,447	7,740
TOTAL OPERATING COSTS	39,423	39,446	78,869
EBITDA	8,796	4,735	13,531
Amortisation of intangible fixed assets	852	1,018	1,870
Depreciation of tangible fixed assets	1,230	1,127	2,356
Write-downs and Restructuring Costs	75	67	142
OPERATING PROFIT (EBIT)	6,640	2,523	9,163
Financial income (charges)	(851)	(779)	(1,631)
EARNINGS BEFORE TAXES (EBT)	5,789	1,743	7,532
Taxes	(1,688)	(508)	(2,196)
NET PROFIT FROM CURRENT ASSETS	4,101	1,235	5,336
NET PROFIT	4,101	1,235	5,336

Consolidated Statement of Cash Flows

		30/09/2022	31/12/2021
Net Income (Euro)		5,335,548	7,839,422
Non cash costs for Stock Options		-	10,872
Financial interest paid		277,709	126,774
Variance Fair Value Financial Assets		983,309	(1,103,029)
Current income taxes		2,194,300	2,081,887
Variance in deferred taxes		863,299	(371,178)
Amortization, depreciation and write-downs		4,226,459	4,373,882
Other non cash costs		298,405	-
Cash flows generated by operations before working capital		14,179,029	12,958,630
(Increase) / Decrease in trade receivables		11,664,043	(3,916,798)
(Increase) / Decrease in inventories		(8,356,683)	(1,632,855)
ncrease / (Decrease) in trade payables		(253,617)	1,701,458
Increase / (Decrease) in other current assets/liabilities		(3,051,813)	156,303
Increase / (Decrease) in severance and other personnel liabilities		(155,519)	104,459
Changes in working capital		(153,589)	(3,587,433)
Paid income taxes		(1,563,105)	(837,823)
CASH FLOW GENERATED BY OPERATIONS		12,462,335	8,533,374
	of which related parties	(520,742)	(507,617)
Increase in tangible assets		(1,280,767)	(941,550)
Increase in intangible assets		(123,538)	(162,741)
Capitalization of development costs		(37,505)	(363,136)
Decrease in tangible & intangible assets		67,531	30,145
Net Cash flow from acquisition		(19,051,036)	(14,531,684)
Deconsolidation Reversal		(837,130)	-
(Increase) / Decrease in trading securities		-	(14,299,998)
(increase) / Decrease in other financial credits		1,609,450	20,000,000
(increase) / Decrease in other financial credits		(19,652,995)	(10,268,964)
	of which related parties	-	-
Proceeds from borrowings		33,000,000	37,225,729
(Repayment) of borrowings		(18,876,695)	(10,310,058)
(Repayment) of Leasing liabilities		(2,356,651)	(1,635,639)
Increase / (Decrease) in other financial liabilites		-	-
Increase / (Decrease) in other financial credits		-	-
Dividends paid		-	(521,381)
Financial interests paid		(291,701)	(179,864)
Other changes in shareholders' equity		1,323,715	184,550
Net change in financial liabilities		(2,298,804)	(93,455)
(Purchase)/Sale of Treasury Shares		551,076	1,209,301
CASH FLOW GENERATED BY FINANCIAL ACTIVITIES		11,050,940	25,879,183
	of which related parties	-	-
INCREASE / (DECREASE) IN CASH		3,860,279	24,143,594
Difference in Currency Translation		441,784	-
CASH AT THE BEGINNING OF THE PERIOD		36,076,104	11,932,508
CASH AT THE END OF THE PERIOD		40,378,168	36,076,104
Assets acquired with no effect on cash flow (first adoption IFRS 16)		(1,792,788)	(3,939,610)
Liabilities acquired with no effect on cash flow (first adoption IFRS 16)		1,792,788	3,939,610
	of which related parties	-	*2,238,163*

Statement of changes in Equity as at 30 September 2022

	Share capital	Legal reserve	Share premium reserve	Merger surplus	First time adoption	Stock options	Actuarial differences on post-employment benefits	Fair Value Swaps	Translation reserve	Retained earnings	Profit (loss) for the period	Total shareholders' equity	Total shareholders' equity (Minority interests)	Total shareholders' equity
Balances as at 31 December 2021	6,503,125	1,300,625	13,027,524	1,911,444	0	67,293	(1,131,539)	(136,404)	227,433	63,011,589	7,873,676	92,654,766	411,777	93,066,544
Profit as at 31 December 2021										7,873,676	(7,873,676)	0		-
Acquisitions of minority interests											-	-		-
Increase/purchase								1,038,388		(25,280)		1,013,108	(411,777)	601,331
Distribution of dividends												-		-
Free capital increase												-		-
Sale of treasury shares			5,061,593									5,061,593		5,061,593
Purchase of treasury shares			(4,510,517)									(4,510,517)		(4,510,517)
Actuarial differences on post-employment benefits							310,514					310,514		310,514
Exchange differences									441,874			441,874		441,874
Profit as at 30 September 2022											5,335,548	5,335,548	-	5,335,548
Balances as at 30 September 2022	6,503,125	1,300,625	13,578,600	1,911,444	0	67,293	(821,025)	901,984	669,307	70,859,985	5,335,548	100,306,887	0	100,306,887

	Share capital	Legal reserve	Share premium reserve	Merger surplus	First time adoption	Stock options	Actuarial differences on post-employment benefits	Fair Value Swaps	Translation reserve	Retained earnings	Profit (loss) for the period	Total shareholders' equity (Group)	Total shareholders' equity (Minority interests)	Total shareholders' equity
Balances as at 31 December 2020	6,503,125	1,300,625	11,818,224	1,911,444	0	56,421	(1,105,085)	(127,654)	4,884	60,617,969	4,474,067	85,454,019	409,158	85,863,178
Profit as at 31 December 2020										4,474,067	(4,474,067)	0		0
Acquisitions of minority interests										(1,560,194)	0	(1,560,194)	36,873	(1,523,321)
Increase/purchase						10,872		(8,750)		1,128		3,250		3,250
Distribution of dividends										(521,381)		(521,381)		(521,381)
Free capital increase												0		0
Sale of treasury shares			1,482,715									1,482,715		1,482,715
Purchase of treasury shares			(273,414)									(273,414)		(273,414)
Actuarial differences on post-employment benefits							(26,455)					(26,455)		(26,455)
Exchange differences									222,549			222,549		222,549
Profit as at 31 December 2021											7,873,676	7,873,676	(34,254)	7,839,422
Balances as at 31 December 2021	6,503,125	1,300,625	13,027,525	1,911,444	0	67,293	(1,131,540)	(136,404)	227,433	63,011,589	7,873,676	92,654,766	411,777	93,066,544

1. Group's structure and scope of consolidation

The Parent Company TXT e-solutions S.p.A. and its subsidiaries operate both in Italy and abroad in the IT sector and provide software and service solutions in extremely dynamic markets that require advanced technological solutions.

The table below shows the companies included in the scope of consolidation under the line-by-line method as at 30 September 2022 (see also the organisational diagram in the section "Organisational structure and scope of consolidation") and the relative share of legal interest in the share capital:

Company name of the subsidiary	Currency	% holding	Share capital
Pace GmbH	EUR	100%	295,000
PACE America Inc.	USD	100%	10
TXT e-solutions SagL	CHF	100%	40,000
TXT NEXT Sarl	EUR	100%	100,000
TXT NEXT Ltd	GBP	100%	100,000
Cheleo S.r.l.	EUR	100%	99,000
TXT Risk Solutions S.r.l. (*)	EUR	75%	250,000
Assioma.Net S.r.l.	EUR	100%	100,000
AssioPay S.r.l.	EUR	100%	10,000
MAC SOLUTIONS S.A.	CHF	100%	100,000
HSPI S.p.A.	EUR	100%	220,000
TXT Working Capital Solutions S.r.l.	EUR	60%	500,000
Reversal SIM S.p.A. (***)	EUR	51%	400,000
TeraTron GmbH	EUR	100%	75,000
LBA Consulting S.r.l.	EUR	100%	10,000
Novigo Consulting S.r.l.	EUR	100%	50,000
Quence S.r.l.	EUR	100%	10,000
TXT Core S.r.l. (**)	EUR	100%	10,000
DM Management & Consulting Srl	EUR	100%	101,000
Ennova S.p.A.	EUR	78.56%	1,098,900

(*) In July 2021, the share capital increase provided for in the Agreement of € 1,000,000 was carried out. TXT e-solutions S.p.A. owns 92%, while the respective shareholders hold 4% each. Having assessed the terms and conditions under which the risks and rewards accrue to TXT, they were deemed able to attribute a present ownership interest. Consequently, for the purposes of presenting the consolidated financial statements, no third-party rights have been restated in the shareholders' equity with reference to said interests. However, these rights are recorded as liabilities with regard to potential payments, including contingent considerations, still to be made on the basis of the aforementioned option contracts.
(**) In May 2022 a new company TXT Core S.r.l. was established.
(***) In June 2022, the company Reversal SIM S.p.A. obtained authorisation from CONSOB to operate as a SIM. Taking into account the agreements signed, the TXT group decided to proceed with the deconsolidation of the company as TXT no longer holds the exclusive control that allows it to have a significant influence on the strategic decisions of the invested company.

TXT e-solutions S.p.A. Group's (the "Group") consolidated financial statements are presented in Euro. Here below are the foreign exchange rates used for translating the amounts expressed in foreign currency of the subsidiaries into Euro:

- Income Statement (average exchange rate for the first nine months)

Currency	30.09.2022	30.09.2021
British Pound (GBP)	0.84716	0.8636
US Dollar (USD)	1.0638	1.1926
Swiss Franc (CHF)	1.0118	1.0904

- Balance sheet (exchange rates as at 30 September 2022 and 31 December 2021)

Currency	30.09.2022	31.12.2021
British Pound (GBP)	0.8830	0.8403
US Dollar (USD)	0.9748	1.1326
Swiss Franc (CHF)	0.9561	1.0331

2. Reversal

On 15 June 2022, the company Reversal SIM S.p.A. obtained the authorisation from CONSOB to operate as a SIM.

The Company is therefore authorised to perform the investment services of placement without irrevocable commitment vis-à-vis the issuer and investment advisory services, pursuant to Art. 1(5)(c-bis) and (f) of Italian Legislative Decree No. 58 of 24 February 1998.

The group management decided to proceed with the deconsolidation of the company, recording the corresponding shareholding, which was valued with the equity method following the loss of exclusive control.

3. Acquisitions

3.1 DM Management & Consulting S.r.l.

On 19 July 2022, TXT e-solutions S.p.A. signed the final contract for the acquisition of 100% of the capital of DM Management & Consulting Srl. The data will be consolidated from 20 July 2022.

The acquisition of DM Management & Consulting Srl closed with a consideration for the purchase of 100% of € 1.7 million, of which € 1.4 million paid in cash and € 0.3 million through the payment of TXT ordinary treasury shares.

The acquisition agreement provides for retention and earn-out clauses for the three selling shareholders, which expire upon approval of the DM balance sheet closing on 31 December 2024.

The fair value of the net assets acquired and the recognition of the goodwill, for which the temporary allocation was carried out (therefore, to be confirmed by the end of the so-called measurement period) is the following:

Allocation as at acquisition date		
Price paid (cash+shares)		1,999,968
Earn-out (estimated on the basis of the best estimates available as at the balance sheet date)		282,242
Net assets (liabilities)	153,067	
Goodwill (to be allocated)	**2,128,143**	

3.2 Ennova S.p.A.

On **29 June 2022**, the contract was signed for the acquisition of 78.56% of **Ennova Spa** share capital. The remaining 21.44% of Ennova's share capital is held by the current management of the company led by Sabino Patruno, Chief Executive Officer of Ennova starting from 2020 who, together with the management of TXT and Ennova, will guide the process of integration, consolidation and growth of the newly acquired within the TXT Group.

On **29 July 2022**, following the fulfilment of all the conditions set out in the contract, the acquisition of 78.56% of the share capital of the company Ennova Spa was finalised.

The consideration for the purchase of 78.56% of Ennova, representing the total shares held by non-operating shareholders, agreed between the parties at € 8.9 million, was paid in cash at closing. The purchase contract of 78.56% does not provide for a price adjustment.

On **3 October 2022,** the acquisition of the remaining 21.44% from the minority shareholders and managers of Ennova was completed. The consideration for the purchase of 21.44% of Ennova was agreed between the parties at € 6.4 million, of which € 4.9 million (75%) was paid in cash and € 1.5 million (25%) was paid in TXT's treasury shares sold at a price corresponding to the average price of TXT's shares for the 30 business days prior to the date of closing.

The 21.44% purchase agreement includes two earn-out clauses in favour of the selling shareholders who will continue to hold strategic management roles in Ennova; the earn-outs will be recognised on the basis of Ennova's performance upon approval of Ennova's 2022 and 2023 financial statements, respectively. The company will be consolidated from 03 October 2022.

4. Basis of preparation of the consolidated financial statements

The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union at the date of drafting this report, as well as with the implementing measures for Article 9 of Italian Legislative Decree No. 38/2005 and with any other applicable provisions and Consob regulations on financial statements. This half-yearly report was prepared, regarding both form and content, in accordance with the provisions contained in IAS 34 "Interim Financial Reporting" and in accordance with International Accounting Standards ("IAS - IFRS") issued by the International Accounting Standards Board and adopted by the EU, including all the interpretations of the IFRS Interpretations Committee, previously called Standing Interpretations Committee ("SIC").

The report as at 30 September 2022 consists of the consolidated financial statements and the reclassified consolidated financial statements whose form and content are consistent with the financial statements for the year 2021. The half-yearly financial statements do not therefore include all the information required for the annual financial statements and should be read together with the consolidated financial statements for the year ended 31 December 2021. They have been prepared based on accounting records as at 30 September 2022 and on a going concern basis. As for further information relating to the nature of the company's activities, business areas, operations and outlook, reference should be made to the Directors' Report on Operations.

The accounting policies adopted in the preparation of the financial statements, as well as their content and changes in the individual items, are set out below and have not changed from those adopted in the financial statements for the year ended 31 December 2021, thereby ensuring the comparability of the data.

As reported in paragraph 49 of IFRS 3, we have reviewed the comparative information of the provisional amounts allocated as at 31 December 2021 for the acquisitions concluded in the last months of 2021. The statements presented in this report accommodate this adjustment.

In particular, we have redefined the value of the following items:

	31.12.2021 Adj	31.12.2021
Goodwill	47,147,938	44,592,766
Current financial liabilities	47,125,214	44,570,042

All amounts are expressed in Euro, unless otherwise indicated. The Euro is also the functional currency.

The publication and release of this report were approved by the Board of Directors' Meeting held on 8 November 2022.

5. Accounting standards and interpretations applied from 1 January 2022

The accounting standards adopted in preparing the condensed consolidated half-yearly financial statements are consistent with those used in drawing up the consolidated financial statements as at 31 December 2021 and illustrated in the Annual Financial Report under note 4 "Accounting standards and basis of consolidation".
As at 30 September 2022, there are no significant effects with respect to changes in the international accounting standards (IFRS) that were expected to be applied from 1 January 2022.

6. Financial risk management

With regard to business risks, the main financial risks identified and monitored by the Group are as follows:

- Currency risk
- Interest rate risk
- Credit risk
- Liquidity and investment risk
- Other Risks (COVID-19, Military Conflict in Ukraine)

The financial risk management objectives and policies of the TXT e-solutions Group reflect those illustrated in the consolidated financial statements as at 31 December 2021, to which reference should be made.

7. Transactions with related parties

For the Group, related parties are:

a) entities that, directly or indirectly, even through subsidiaries, trustees or third parties:
   - control TXT e-solutions S.p.A.;
   - are subject to joint control with TXT e-solutions S.p.A.;
   - have an interest in TXT e-solutions S.p.A. such as to exercise a significant influence;

b) associates of TXT e-solutions S.p.A.;

c) the joint ventures in which TXT e-solutions S.p.A. holds an interest;

d) the managers with strategic responsibilities of TXT e-solutions S.p.A. or one of its parent companies;

e) any close family members of the parties as per the above points a) and d);

f) the entities controlled or jointly controlled or subject to significant influence by one of the parties as per points d) and e), or in which said parties hold, directly or indirectly, a significant interest, in any case at least 20% of the voting rights;
g) an occupational, collective or individual pension fund, either Italian or foreign, set up for TXT e-solutions S.p.A.'s employees or any other related entity.

The following tables show the overall amounts of the transactions carried out with related parties.

Trade transactions

Trade transactions with related parties of the Group exclusively refer to amounts paid to the directors and to key management personnel.

As at 30 September 2022	Receivables	Payables	Costs	Revenues
Directors and key management personnel	-	206,232	504,953	-
Paradis Srl			15,789	
Total as at 30 September 2022	-	206,232	520,742	-

As at 31 December 2021	Receivables	Payables	Costs	Revenues
Directors and key management personnel	-	228,546	581,563	-
Total as at 31 December 2021	-	228,546	581,563	-

Financial transactions

The amounts with Related Parties as at 30 September 2022 are shown for financial transactions:

As at 30 September 2022	Receivables	Payables	Charges	Income
Laserfin Srl	-	1,840,265	-	-
Total as at 30 September 2022	-	1,840,265	-	-

As at 31 December 2021	Receivables	Payables	Charges	Income
Directors and key management personnel	-	2,116,021	-	-
Total as at 31 December 2021	-	2,116,021	-	-

8. Certification of the Interim report pursuant to Article 154-bis of Italian Legislative Decree No. 58/98

pursuant to Article 81-ter of Consob Regulation No. 11971 of 14 May 1999, as subsequently amended and supplemented

The undersigned Enrico Magni, as Chair of the Board of Directors, and Eugenio Forcinito, as Manager responsible for preparing corporate accounting documents for TXT e-solutions S.p.A. certify, also pursuant to Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 dated 24 February 1998:

- the adequacy, in relation to the company's characteristics; and
- the effective application of the administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements as at 30 September 2022.

The assessment of the adequacy of the administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements as at 30 September 2022 is based on a process defined by TXT in line with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission that represents a reference framework that is generally accepted at international level.

We also certify that the condensed consolidated interim financial statements as at 30 September 2022:

- correspond to the accounting books and records;
- were prepared in compliance with the International Financial Reporting Standards endorsed by the European Union as well as with the implementing measures for Art. 9 of Italian Legislative Decree No. 38/2005;
- are suitable to provide a true and fair view of the financial position, performance and cash flows of the issuer.

The interim Report on Operations includes a reliable analysis of the important events that occurred in the first three months of the year and how they affected the condensed financial statements, as well as a description of the main risks and uncertainties for the remaining months. The interim Report on Operations also includes a reliable analysis of the information on significant transactions with related parties.

Manager responsible for preparing corporate accounting documents

Eugenio Forcinito

Chairman of the Board of Directors

Enrico Magni

Cologno Monzese, 08 November 2022